

HOUSE BILL No. 1281

DIGEST OF INTRODUCED BILL

Citations Affected: IC 7.1-4; IC 12-23.

Synopsis: Alcohol excise tax. Increases the beer and hard cider excise tax from \$0.115 to \$0.435 per gallon. Increases the liquor excise tax from \$2.68 to \$5.24 per gallon. Increases the wine tax from \$0.47 to \$1.24 per gallon. Increases the malt excise tax from \$0.05 to \$0.20 per gallon. Reduces the discount to a taxpayer for accurately reporting and timely remitting the alcohol excise taxes from 1.5% to 0.75% of the alcohol excise taxes due. Makes various changes to the allocation of the alcohol excise taxes. Establishes the microbrewery development council for the development, promotion, and education of microbreweries. Establishes the microbrewery development fund. Provides that part of the beer excise tax is allocated to the microbrewery development fund. Establishes the local economic development fund to assist economic development in cities and towns. Allocates certain alcohol excise taxes to the local economic development fund. Provides that the economic development fund is to be distributed to cities and towns based on population. Requires the revenue received by a consolidated city to be transferred to the Marion County capital improvement board of managers. Provides that the division of mental health and addiction must distribute 10% of the total amount received by the division of mental health from the addiction services fund during the immediately preceding year to provide prevention services for: (1) alcohol abuse or drug abuse; or (2) gambling problems. Provides that 50% of the money that is distributed from the addiction service fund for local programs that provide prevention, intervention, and treatment services may be included in the requirement that 10% of the addiction services fund must be used to

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Effective: July 1, 2010.

Klinker

January 12, 2010, read first time and referred to Committee on Public Policy.



provide prevention services. Establishes the fetal alcohol syndrome fund to promote programs for the education and research, prevention and control, diagnosis, and treatment of fetal alcohol syndrome. Provides that the fetal alcohol syndrome fund is administered by the division of mental health and addiction. Allocates certain alcohol excise taxes to the fetal alcohol syndrome fund.

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Introduced

Second Regular Session 116th General Assembly (2010)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2009 Regular and Special Sessions of the General Assembly.

HOUSE BILL No. 1281

A BILL FOR AN ACT to amend the Indiana Code concerning alcohol and tobacco.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 7.1-4-2-1 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 1. An excise tax,
3 referred to as the beer excise tax, at the rate of ~~eleven and one-half~~
4 ~~cents (\$1.15)~~ **forty-three and one-half cents (\$.435)** a gallon is
5 imposed upon the sale of beer or flavored malt beverage within
6 Indiana.
- 7 SECTION 2. IC 7.1-4-3-1 IS AMENDED TO READ AS
8 FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 1. Rate of Tax. An
9 excise tax at the rate of ~~two five~~ **two five** dollars and ~~sixty-eight~~ **twenty-four**
10 ~~cents (\$2.68)~~ **(\$.24)** a gallon is imposed upon the sale, gift, or the
11 withdrawal for sale or gift, of liquor and wine that contains twenty-one
12 percent (21%), or more, of absolute alcohol reckoned by volume.
- 13 SECTION 3. IC 7.1-4-4-1 IS AMENDED TO READ AS
14 FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 1. An excise tax at the
15 rate of ~~forty-seven cents (\$0.47)~~ **one dollar and twenty-four cents**



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(**\$1.24**) a gallon is imposed upon the manufacture and sale or gift, or withdrawal for sale or gift, of wine, except hard cider, within this state.

SECTION 4. IC 7.1-4-4.5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 1. An excise tax at the rate of ~~eleven and one-half cents (\$0.115)~~ **forty-three and one-half cents (\$0.435)** a gallon is imposed upon the manufacture and sale or gift, or withdrawal for sale or gift, of hard cider within Indiana.

SECTION 5. IC 7.1-4-5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 1. Rate of Tax. An excise tax at the rate of ~~five twenty cents (5¢)~~ **(\$0.20)** a gallon, or fraction of a gallon, is imposed upon the sale, gift, exchange, or barter of liquid malt or wort.

SECTION 6. IC 7.1-4-6-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 4. Discount for Timely Payment. The department shall allow a taxpayer a discount of ~~one and one-half percent (1 1/2%)~~ **seventy-five hundredths of one percent (0.75%)** of the amount of excise taxes otherwise due for the accurate reporting and timely remitting of the excise taxes imposed by this title.

SECTION 7. IC 7.1-4-7-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 5. The department shall deposit:

- (1) ~~four ten cents (\$0.04)~~ **(\$0.10)** of the beer excise tax rate collected on each gallon of beer or flavored malt beverage;
- (2) one dollar **and forty cents (\$1.40)** of the liquor excise tax rate collected on each gallon of liquor;
- (3) ~~twenty forty cents (\$0.20)~~ **(\$0.40)** of the wine excise tax rate collected on each gallon of wine;
- (4) the entire amount of malt excise tax collected; and
- (5) the entire amount of hard cider excise tax collected;

daily with the treasurer of state and not later than the fifth day of the following month shall cover them into the general fund of the state for distribution as provided in this chapter.

SECTION 8. IC 7.1-4-8-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 1. The department shall:

- (1) deposit daily with the treasurer of state:
 - (A) ~~four and three-fourths five cents (4 3/4¢)~~ **(\$0.05)** of the beer excise tax rate collected on each gallon of beer or flavored malt beverage;
 - (B) one dollar and seventeen cents (\$1.17) of the liquor excise tax rate collected on each gallon of liquor; and
 - (C) sixteen cents ~~(16¢)~~ **(\$0.16)** of the wine excise tax rate

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collected on each gallon of wine; and

(2) not later than the fifth day of the following month, transfer the deposits under subdivision (1) into the postwar construction fund.

SECTION 9. IC 7.1-4-10-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 1. The department shall deposit ~~three-fourths~~ **one and one-half** cents (~~3/4¢~~) (**\$0.015**) of the beer excise tax rate collected on each gallon of beer or flavored malt beverage, ~~eleven~~ **twenty** cents (~~11¢~~) (**\$0.20**) of the liquor excise tax rate collected on each gallon of liquor, and ~~four~~ **ten** cents (~~4¢~~) (**\$0.10**) of the wine excise tax rate collected on each gallon of wine, daily with the treasurer of the state, and not later than the fifth day of the following month shall cover them into the "Enforcement and Administration Fund".

SECTION 10. IC 7.1-4-11-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 4. (a) The department shall daily deposit with the treasurer of state:

(1) ~~two~~ **fifteen** cents (~~\$0.02~~) (**\$0.15**) of the beer excise tax collected on each gallon of beer or flavored malt beverage, as provided by IC 7.1-4-2-1;

(2) ~~six cents one dollar and ten cents~~ (~~\$0.06~~) (**\$1.10**) of the liquor excise tax collected on each gallon of liquor, as provided by IC 7.1-4-3-1; and

(3) ~~two~~ **twenty** cents (~~\$0.02~~) (**\$0.20**) of the wine excise tax collected on each gallon of wine, as provided by IC 7.1-4-4-1.

(b) By the fifth day of each month, the treasurer of state shall transfer into the addiction services fund (IC 12-23-2) the total amount collected under subsection (a) for the preceding month.

SECTION 11. IC 7.1-4-11-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 5. The department shall deposit in the wine grape market development fund created under IC 7.1-4-13 ~~five~~ **eleven** cents (~~\$0.05~~) (**\$0.11**) of the wine excise tax rate collected on each gallon of wine under IC 7.1-4-4.

SECTION 12. IC 7.1-4-11-6 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: **Sec. 6. The department shall deposit in the microbrewery market development fund created under IC 7.1-4-14-7 four-tenths of one cent (\$0.004) of the beer excise tax collected on each gallon of beer or flavored malt beverage.**

SECTION 13. IC 7.1-4-11-7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: **Sec. 7. (a) The department shall daily deposit with the treasurer of state:**

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(1) six-tenths of one cent (\$0.006) of the beer excise tax collected on each gallon of beer or flavored malt beverage, as provided by IC 7.1-4-2-1;

(2) thirteen cents (\$0.13) of the liquor excise tax collected on each gallon of liquor and wine that contains twenty-one percent (21%) or more of absolute alcohol, as provided by IC 7.1-4-3-1; and

(3) ten cents (\$0.10) of the wine excise tax collected on each gallon of wine, as provided by IC 7.1-4-4-1.

(b) By the fifth day of each month, the treasurer of state shall transfer into the fetal alcohol syndrome fund, established by IC 12-23.5-2, the total amount collected under subsection (a) for the preceding month.

SECTION 14. IC 7.1-4-14 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]:

Chapter 14. Microbrewery Market Development

Sec. 1. As used in this chapter, "council" refers to the microbrewery market development council created by this chapter.

Sec. 2. As used in this chapter, "director" refers to the dean of agriculture of Purdue University or the dean's designee.

Sec. 3. The director shall establish and administer a microbrewery market development program.

Sec. 4. The microbrewery market development program may include any of the following activities:

(1) Market development and research programs.

(2) Market promotion, education, and public relations programs.

(3) Market information services.

Sec. 5. The director may contract with a qualified organization, agency, or individual to perform any of the activities listed in section 4 of this chapter.

Sec. 6. The director may not regulate the price of any beer product under this chapter.

Sec. 7. (a) The microbrewery market development fund is created.

(b) The microbrewery market development fund may not be used for political or legislative activity of any kind.

(c) The fund shall be administered by the council and used for the purpose of this chapter. The expenses of administering the fund shall be paid from money in the fund.

(d) Money in the fund at the end of a fiscal year does not revert

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to the state general fund.

Sec. 8. (a) The microbrewery market development council is created.

(b) The council must have an odd number of members, but not less than seven (7) and not more than fifteen (15) members. The following are the members of the council:

(1) The director or the director's designee.

(2) The chairman of the horticulture department at Purdue University or the chairman's designee.

(3) The chairman of the food science department at Purdue University or the chairman's designee.

(4) The director of the Purdue University Tourism and Hospitality Research Center or the director's designee.

(5) Other members that the director shall appoint.

(c) A majority of the members of the council must be brewers or processors of beer products.

Sec. 9. The council shall adopt bylaws governing the terms of office, filling unexpired terms, expenses, quorum, duties, and other administrative matters. The bylaws may be amended by a two-thirds (2/3) vote of the members present, if a quorum is present.

Sec. 10. The council shall do the following:

(1) Elect a chairman and any other officers.

(2) Recommend expenditures from the microbrewery market development fund for the administration of the microbrewery market development program and for the administration of this chapter.

(3) Perform any other necessary duties.

Sec. 11. The director shall consider the advice, recommendations, and assistance of the council for the expenditure of funds for the microbrewery market development program and for the administration of this chapter.

SECTION 15. IC 7.1-4-15 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]:

Chapter 15. Local Economic Development Fund

Sec. 1. (a) The local economic development fund is established to provide distributions to cities and towns throughout Indiana. The fund shall be administered by the department of local government finance.

(b) The expenses of administering the fund shall be paid from money in the fund.

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(c) Money in the fund at the end of a state fiscal year does not revert to the state general fund.

(d) The department shall deposit daily with the treasurer of state the following amounts:

(1) Eleven cents (\$0.11) of the beer excise tax rate collected on each gallon of beer or flavored malt beverage.

(2) Ninety cents (\$0.90) of the liquor excise tax rate collected on each gallon of liquor.

(3) Seventeen cents (\$0.17) of the wine excise tax rate collected on each gallon of wine.

Not later than the fifth day of the following month, the treasurer of state shall transfer the deposits to the local economic development fund established by this chapter.

Sec. 2. (a) The treasurer of state shall distribute the amount deposited in the fund to the cities and towns throughout Indiana based on population. Money received by a city or town may be used for economic development in the city or town.

(b) For a consolidated city, all the money received by the city under subsection (a) shall be transferred to the county's capital improvement board of managers created by IC 36-10-9-3.

(c) One-half (1/2) of the distribution under subsection (a) shall be made on or before June 1 and the remaining one-half (1/2) shall be distributed on or before December 1 each year.

SECTION 16. IC 12-23-2-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 7. (a) For each state fiscal year, the division may not spend more than an amount equal to five percent (5%) of the total amount received by the division from the fund established under section 2 of this chapter for the administrative costs associated with the use of money received from the fund.

(b) The division shall allocate at least twenty-five percent (25%) of the funds derived from the riverboat admissions tax under IC 4-33-12-6 to the prevention and treatment of compulsive gambling.

(c) The division shall reimburse the Indiana gaming commission for the costs incurred in administering a voluntary exclusion program established under the rules of the Indiana gaming commission. The division shall pay the reimbursement from funds derived from the riverboat admissions tax under IC 4-33-12-6.

(d) For each fiscal year, the division shall distribute an amount equal to at least ten percent (10%) of the total amount received by the division from the addiction services fund established by section 2 of this chapter during the immediately preceding year to provide prevention services for:

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(1) alcohol abuse or drug abuse; or

(2) gambling problems.

SECTION 17. IC 12-23-2-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]: Sec. 8. (a) Except as provided in subsection (b), for each state fiscal year, the division shall distribute an amount equal to at least thirty-three percent (33%) of the total amount received by the division from the addiction services fund established by section 2 of this chapter during the immediately preceding fiscal year to local programs that provide prevention services and intervention and treatment services for individuals who are:

(1) psychologically or physiologically dependent upon alcohol or other drugs; or

(2) psychologically dependent on gambling.

(b) The amount described in subsection (a) may not be distributed to a county home, a local mental health program established under IC 12-29, or a state institution.

(c) The division may not include more than fifty percent (50%) of the amount described in subsection (a) when determining whether the requirement described in section 7(d) of this chapter has been satisfied.

SECTION 18. IC 12-23-2.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2010]:

Chapter 2.5. Fetal Alcohol Syndrome Fund

Sec. 1. As used in this chapter, "fund" refers to the fetal alcohol syndrome fund established by section 2 of this chapter.

Sec. 2. (a) The fetal alcohol syndrome fund is established to promote programs for education and research, prevention and control, diagnosis, and treatment of fetal alcohol syndrome.

(b) The division shall expend the money in the fund exclusively for programs and to provide grants for programs described in subsection (a).

(c) The division shall administer the fund.

Sec. 3. (a) The fund consists of the following:

(1) Alcohol excise taxes deposited in the fund under IC 7.1-4-11-7.

(2) Donations to the fund.

(3) Interest.

(4) Money transferred to the fund from other funds.

(5) Money from any other source authorized or appropriated for the fund.

(b) Money in the fund at the end of a state fiscal year does not

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1 revert to the state general fund or to any other fund.

2 Sec. 4. The treasurer of state may invest the money in the fund
3 in the manner provided by law for investing money in the state
4 general fund.

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